

Message Text

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7445
INFO ALL EC CAPITALS

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 12353

USEEC

E.O.11652: GDS
TAGS: EAID, EEC
SUBJECT: EC COMMISSIONER CHEYSSON'S VIEWS ON FORTHCOMING
-- LOME II NEGOTIATIONS

REF: (A) BRUSSELS 10452 (B) BRUSSELS 8415 (C)BRUSSELS 12220

1. SUMMARY: DURING THEIR JUNE 20 CONVERSATION, EC COMMISSIONER FOR DEVELOPMENT CLAUDE CHEYSSON PROVIDED CHARGE WITH AN ASSESSMENT OF THE OUTLOOK FOR THE COMMUNITY'S NEGOTIATIONS WITH THE ACP STATES ON RENEWAL OF THE LOME CONVENTION. IN CONTRAST TO LOME I, CHEYSSON BELIEVES THE NEGOTIATIONS WILL BE LONG AND DIFFICULT, GIVEN THE CURRENT STAKE THE ACP COUNTRIES HAVE IN THEIR ECONOMIC RELATIONS WITH THE COMMUNITY. REGARDING THE SUBSTANCE OF THE NEGOTIATIONS, CHEYSSON IS REASONABLY CONFIDENT THAT THE COMMISSION'S KEY LOME II PROPOSALS ON HUMAN RIGHTS, AN EC INVESTMENT PROTECTION AND GUARANTEE SCHEME, INVESTMENT CONSULTATION PROCEDURES AND UNIVERSALLY RECOGNIZED STANDARDS FOR LABOR CONDITIONS WILL RECEIVE
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FAVORABLE TREATMENT BY THE EC COUNCIL. END SUMMARY.

2. IN RESPONSE TO CHARGE'S QUESTION REGARDING THE OUTLOOK FOR THE LOME II NEGOTIATIONS DUE TO GET UNDERWAY IN EARNEST THIS FALL, EC DEVELOPMENT COMMISSIONER CHEYSSON SAID HE FORESEES A LONG, DIFFICULT NEGOTIATION WITH THE ACP GOVERNMENTS. IN CONTRAST TO THE SITUATION PREVAILING

PRIOR TO LOME I, TODAY ALL ACP'S (AND THE EC MEMBER STATES) BELIEVE IN THE LOME CONCEPT AND THUS ATTACH IMPORTANCE TO THE OUTCOME OF THE NEGOTIATIONS ON RENEWAL OF THE EXISTING CONVENTION. BOTH THE EC AND THE ACP COUNTRIES ARE NOW MORE AWARE OF THE ADVANTAGES AND PITFALLS OF LOME THAN THEY WERE TWO YEARS AGO. AS AN EXAMPLE, CHEYSSON CITED THE PRESENT REVIEW IN COREPER OF THE COMMISSION'S LOME II MEMORANDUM (REF A), NOTING THE ANXIETY OF CERTAIN MEMBER STATES OVER PROPOSALS SUBMITTED BY THE COMMISSION FOR INCLUSION IN THE NEGOTIATING MANDATE. (A PRELIMINARY MANDATE IS EXPECTED TO BE APPROVED BY MINISTERS AT THE JUNE 27 EC COUNCIL.)

3. PROCEDURALLY, ONE OF THE KEY ISSUES WORRYING CHEYSSON IS THE LACK OF STRUCTURE AND ORGANIZATION ON THE ACP SIDE AS IT PREPARES FOR THE NEGOTIATIONS. THE COMMISSIONER STATED THAT THE ACP AMBASSADORS GROUP IN BRUSSELS IS NOT SUITED TO THE REQUIREMENTS OF LOME II, SINCE THEY ARE FREQUENTLY WITHOUT INSTRUCTIONS FROM CAPITALS. THE GENERAL ACP APPROACH, CHEYSSON FEARS, IS SIMPLY TO PRESENT THE EC-SIDE A LITANY OF CLAIMS FROM EACH ACP ON ALL ELEMENTS OF THE EXISTING CONVENTION, WHICH OFFERS NO HOPE OF A PRODUCTIVE EXCHANGE OF VIEWS WITH THE COMMUNITY. ACCORDING TO CHEYSSON, THE ACP COUNTRIES ARE LIKELY TO USE THE OPPORTUNITY PRESENTED BY LOME II TO MAKE IMPOSSIBLE DEMANDS ON THE EC, SUCH AS AN APPEAL FOR REGIONAL SOLUTIONS TO

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PROBLEMS WHICH CAN ONLY BE SETTLED AT THE WORLD LEVEL (E.G., PRICE INDEXING OF COMMODITIES). SINCE THE SUBSTANTIVE NEGOTIATIONS BEGINNING IN SEPTEMBER ARE LIKELY TO BE DIFFICULT AND UNPRODUCTIVE, CHEYSSON CAN FORESEE A FORMAL BREAK IN OCTOBER TO ALLOW THE TWO SIDES TO REVIEW THEIR POSITIONS. SUCH A REVIEW WOULD BE COMPLETED BY THE END OF NOVEMBER, AND COULD BE FOLLOWED BY A MINISTERIAL SESSION IN DECEMBER TO PROVIDE ADDITIONAL "POLITICAL ORIENTATION" TO THE NEGOTIATORS. ASSUMING THIS SCENARIO IS REALISTIC, CHEYSSON WOULD FORESEE RESUMPTION OF ACTIVE NEGOTIATIONS BEGINNING IN MID-JANUARY 1979 AND LASTING FOR ABOUT TWO MONTHS. IN CHEYSSON'S OPINION, THESE WILL BE THE "REAL" NEGOTIATIONS ON LOME II. IF THEY DO NOT BEAR FRUIT IN TIME FOR A FURTHER MINISTERIAL MEETING IN MARCH-APRIL 1979, THERE WILL BE LITTLE HOPE OF ACHIEVING TIMELY SUCCESS, GIVEN THE LEGAL REQUIREMENT TO SIGN AND RATIFY A NEW ACCORD BY MARCH 1980. SHOULD THIS DEADLINE SLIP, CHEYSSON ANTICIPATED NO DIFFICULTY IN EXTENDING LOME I FOR A YEAR OR SO, BUT, NO MATTER HOW LONG THE ACP'S CHOSE TO STRING OUT THE NEGOTIATIONS, THE RESULTS WOULD BE THE SAME AS THEY WILL HAVE BEEN AS OF MARCH OR APRIL OF NEXT YEAR.

4. TURNING TO THE MAJOR COMMISSION PROPOSALS FOR INCLUSION IN THE COMMUNITY'S NEGOTIATING MANDATE ON LOME II, CHEYSSON BRIEFLY MENTIONED THE FOLLOWING:

(A) HUMAN RIGHTS. CHEYSSON DESCRIBED THIS AS AN "EMOTIONAL" POLITICAL ISSUE IN EUROPE; HE IS OPTIMISTIC THAT A REFERENCE TO PROTECTION OF HUMAN RIGHTS WILL BE INCORPORATED IN THE NEW CONVENTION.

(B) EC INVESTMENT PROTECTION AND GUARANTEE SCHEME. WHILE THE EC-NINE ARE NOT YET CONVINCED OF THE UTILITY OF THE COMMISSION'S PROPOSED SCHEME (REF C), CHEYSSON PREDICTS THE COMMISSION WILL "WIN THE BATTLE" BECAUSE INDUSTRY IS ON ITS SIDE, I.E., MINING COMPANIES IN THE MEMBER STATES

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WILL EVENTUALLY BRING EFFECTIVE PRESSURE ON THE GOVERNMENTS CONCERNED. MOREOVER, THE ACP REPRESENTATIVES WITH WHOM CHEYSSON HAS DISCUSSED THIS MATTER, UNANIMOUSLY APPROVE ITS INCORPORATION IN LOME II.

(C) CONSULTATION PROCEDURES. CHEYSSON POINTED OUT THAT, UNDER THE COMMISSION'S PROPOSAL, INVESTMENT CONSULTATIONS (INVOLVING REPRESENTATIVES OF GOVERNMENT, BUSINESS AND LABOR) WOULD BE COMPULSORY IN ORDER TO PROVIDE INFORMATION ON POTENTIALLY SENSITIVE PRODUCTS AND SECTORS AND THEREBY FACILITATE DEVELOPMENT PLANNING IN THE DEVELOPING COUNTRIES. WHILE THE PROCEDURES THEMSELVES, IN CHEYSSON'S VIEW, WOULD BE COMPULSORY, THE OPERATIONAL CONCLUSIONS EMANATING FROM

THE CONSULTATIONS WOULD NOT. TO DATE, THE EC-NINE HAVE RESISTED THIS CONCEPT BECAUSE THEY BELIEVE IT REPRESENTS UNWARRANTED INTERFERENCE IN THE MARKETPLACE; HOWEVER, CHEYSSON BELIEVES IT IS IMPORTANT THAT THIS "ANTI-PROTECTIONIST" GIMMICK BE ACCEPTED FOR INCLUSION IN LOME II SO AS TO AVOID ABRUPT INVOCATION OF SAFEGUARD MEASURES.

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(D) LABOR STANDARDS. CHEYSSON SAID THAT ALTHOUGH THE COMMISSION'S IDEAS ON THIS SUBJECT HAVE NOT YET BEEN FINALIZED, HE IS OPTIMISTIC THAT A PROPOSAL REGARDING RESPECT FOR UNIVERSALLY AGREED STANDARDS GOVERNING CONDITIONS OF LABOR WILL BE INCLUDED IN THE EC MANDATE FOR THE NEGOTIATIONS BY THE FALL. WHILE THE COMMISSION BELIEVES THAT AN EC POLICY IN THIS AREA SHOULD APPLY TO ALL LDC'S, AND ONLY DERIVATIVELY TO THE ACP COUNTRIES, THUS FAR THERE HAVE BEEN PROBLEMS IN DRAFTING APPROPRIATE, OPERATIONALLY ACCEPTABLE LANGUAGE. COMMISSION TALKS WITH THE ILO ARE STILL UNDER WAY, HOWEVER, AND AT THIS POINT, ACCORDING TO COMMISSIONER CHEYSSON, CONSENSUS MAY BE REACHED ON THREE GENERAL STANDARDS: DURATION OF WORK; NON-DISCRIMINATION REGARDING ACCESS TO JOBS AND TREATMENT OF WORKERS; AND CHILD LABOR CONDITIONS. UNDER THE COMMISSION'S CONCEPT, SUCH STANDARDS, IF ADOPTED, WOULD PROVIDE "INDICATIVE" GUIDANCE ENABLING THE EC, IN CASES WHERE IT SUSPECTED VIOLATIONS BY COUNTRIES RECEIVING DEVELOPMENT AID OR PREFERENTIAL TRADE BENEFITS FROM THE COMMUNITY, TO INVITE THE ILO TO MAKE AN INVESTIGATION. IF THE RESULTS OF THE INVESTIGATION PROVED THAT VIOLATIONS HAD OCCURRED, THE EC WOULD THEN SEEK A CLARIFICATION FROM THE GOVERNMENT CONCERNED, ULTIMATELY RESERVING THE RIGHT TO WITHDRAW AID AND TRADE PREFERENCES ACCORDED TO THAT COUNTRY. CHEYSSON REPEATEDLY EMPHASIZED THAT THE EC'S PROPOSED ARRANGEMENTS ON LABOR STANDARDS WOULD NOT CONFLICT WITH THE PROVISIONS OF THE GATT, SINCE NO NEW TRADE RESTRICTIONS WOULD BE INTRODUCED--ONLY PREFERENCES WITHDRAWN. THUS, THEY SHOULD NOT BE COMPARED TO THE PROPOSALS MADE A FEW MONTHS AGO BY THE AFL-CIO. CHEYSSON REMAINS OPTIMISTIC THAT ONCE THE EC PROPOSAL IS FINALIZED, REACTION BY THE NINE MEMBER STATES WILL BE FAVORABLE,

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OWING TO TRADE UNION PRESSURE ON THE GOVERNMENTS CONCERNED.
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